

Message Text

UNCLASSIFIED

PAGE 01 COPENH 02048 291528Z

53

ACTION EUR-25

INFO OCT-01 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-03 INR-11 NSAE-00 RSC-01 CIEP-03 SP-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 AGR-20

PA-04 PRS-01 USIA-15 NSC-07 SS-20 L-03 H-03 DRC-01

(ISO) W

----- 028070

R 291022Z JUL 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 0000

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

UNCLAS COPENHAGEN 2048

E.O. 11652: N/A

TAGS: EAGR, DA

SUBJECT: DANISH FARMERS SEEK NATIONAL SUPPORT

PASS AGRICULTURE

1. SUMMARY: IN WAKE OF FRENCH ANNOUNCEMENT OF NATIONAL MEASURES TO ASSIST FRENCH FARMERS, DANISH FARM ORGANIZATIONS HAVE DECIDED TO SEEK RELIEF FROM DANISH GOVERNMENT ON SOME 500 MILLION KRONER IN ANNUAL TAX BURDENS AND TO REQUEST THAT THE GOVERNMENT IMPLEMENT CERTAIN ASPECTS OF THE RECENT EC BEEF MEASURES NOT YET BEING APPLIED IN DENMARK. IN SEEKING THIS SUPPORT THE FARMERS CITE THEIR CURRENT ECONOMIC DIFFICULTIES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 COPENH 02048 291528Z

AND THE NATIONAL MEASURES RECENTLY TAKEN IN OTHER EC COUNTRIES

TO ASSIST THE FARM SECTOR. THE INITIAL REACTION OF THE GOVERNMENT HAS BEEN UNENTHUSIASTIC BUT IT HAS AGREED TO REVIEW THE FARMER'S REQUEST IN DETAIL IN AUGUST. END SUMMARY.

2. IN A SPECIAL MEETING OF THE DANISH FARM ORGANIZATIONS CALLED ON JULY 22, THE AGRICULTURAL SECTOR DECIDED ON A JOINT APPROACH TO THE GOVERNMENT AIMED AT RESTORATION OF PRE-EC MEMBERSHIP INDIRECT SUPPORT TO FARMERS TOTALLING ABOUT 500 MILLION KRONER (\$85 MILLION). THE FIVE AREAS OF SUPPORT REQUESTED COMPRISE (A) EASING OF CAPITAL GAINS TAX, WHICH THEY CLAIM HAS STOPPED YOUNG GENERATION TAKE-OVER OF FARMS AND IS PREVENTING STRUCTURAL RATIONALIZATION; (B) REDUCTION OF MUNICIPAL FARM PROPERTY TAXES AS WELL AS UNIFORM ASSESSMENT IN ALL PARTS OF COUNTRY; (3) ABOLITION OF COUNTY TAXES ON LAND IN AGRICULTURAL PRODUCTION; (4) IMPROVED LOAN FACILITIES FOR AGRICULTURE'S IMPORT AND EXPORT SECTORS; (5) RESTORATION OF GOVERNMENT PAYMENT FOR FOOD INSPECTION.

3. IN WRITTEN STATEMENT TO GOVERNMENT, FARM ORGANIZATIONS POINTED TO SIX AREAS IN WHICH DENMARK SHOULD MAKE EFFORTS TO EASE CURRENT DIFFICULTIES: (A) EC AGRICULTURAL POLICIES MUST BE MADE MORE EFFECTIVE TO AVOID SHORT-TERM PANIC ACTIONS; (B) FORMATION OF UNIFORM EC MONETARY POLICIES TO FACILITATE INTRA-EC TRADE; (C) ESTABLISHMENT OF WORLDWIDE AGRICULTURAL AND FOOD POLICIES TO SECURE FOOD SUPPLIES FOR DEVELOPING COUNTRIES AND STABILIZE WORLD MARKETS FOR GRAIN AND OTHER MAJOR FARM COMMODITIES; (D) IMPLEMENTATION OF RECENT EC MEASURES IN DENMARK TO REDUCE BEEF STOCKS (NO DECISION HAS YET BEEN MADE TO EXTENT OF IMPLEMENTATION IN DENMARK OF BEEF RETENTION PROGRAM AND SUBSIDIZED SALES TO CERTAIN CONSUMERS); (E) CURBING OF INFLATION AND COST INCREASES WITHOUT DAMAGE TO SECTOR, SUCH MEASURES TO INCLUDE CHANGES IN CAPITAL GAINS TAX LEGISLATION (AS DESCRIBED PARA 2); AND (F) ELIMINATION OF SPECIAL BURDENS ON DANISH FARMERS WHICH ARE NOT APPLIED TO THEIR EC COLLEAGUES, SUCH AS TAXES ON INPUT FACTORS (LAND IN PRODUCTION) AND VETERINARY FOOD INSPECTION.

4. MINISTER OF AGRICULTURE KOFOED HAS STATED HIS WILLING-
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 COPENH 02048 291528Z

NESS TO DISCUSS SITUATION WITH FARM REPRESENTATIVES IN AGUSUT AND INTENDS TO PRESSURE FOR EC COORDINATION OF NATIONAL AGRICULTURAL SUPPORTS. HE EXPRESSED UNDERSTANDING OF AGRICULTURE'S CONCERN OVER DISTORTION IN COMPETITION ARISING FROM NATIONAL SUPPORT SCHEMES IMPLEMENTED IN OTHER EC COUNTRIES AND REPORTEDLY WILL AGAIN RAISE QUESTION IN PARLIAMENT OF REDUCTION IN COUNTRY AND CAPITAL GAINS TAXES TO FARMERS, WHICH HAD BEEN TURNED DOWN ON PREVIOUS

OCCASION.

5. COMMENT: PRIOR TO EC MEMBERSHIP, DANISH AGRICULTURE RECEIVED INDIRECT STATE SUPPORT ON MOST OF ITEMS LISTED IN PARA 2 BUT ALL INDIRECT AS WELL AS DIRECT SUBSIDIES WERE CANCELLED ON ACCESSION. THE FARM ORGANIZATIONS ARE EMPHASIZING PUBLICLY THAT THEY ARE NOT ASKING FOR SUBSIDIES BUT ONLY FOR ELIMINATION OF SPECIAL BURDENS THAT ARE NOT APPLIED IN OTHER EC COMPETING COUNTRIES. STRONG FARMER INTEREST IN EC MEMBERSHIP WAS EXPLAINED TO PUBLIC PRIOR TO ACCESSION, FOR PURPOSE OF SEEKING TO ASSURE POSITIVE RESULT OF REFERENDUM, AS ELIMINATING NEED FOR STATE SUBSIDIES TO AGRICULTURE (ABOUT \$170 MILLION ANNUALLY). THEY THUS FEAR PUBLIC OPINION WOULD BE ANTAGONISTIC IF THE BOGEY OF SUBSIDIES TO AGRICULTURE AGAIN APPEARED. THE PRESENT MINORITY GOVERNMENT, WHICH IS THE TRADITIONAL FARMERS PARTY, IS SYMPATHETIC TO AGRICULTURE'S DIFFICULTIES AND MAY BE WILLING TO SEEK SOME TAX RELIEF AND OTHER INDIRECT SUPPORT FOR FARMERS BUT PROBABLY NOT NEARLY TO THE EXTENT FARMERS DESIRE.

DUNNIGAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL ORGANIZATIONS, AGRICULTURAL POLICIES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COPENH02048
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740205-0630
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740710/aaaaaimy.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 25 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 FEB 2002 by thomasv0>; APPROVED <24 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DANISH FARMERS SEEK NATIONAL SUPPORT PASS AGRICULTURE
TAGS: EAGR, DA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005